

Press Release

December 19, 2006

Akebono Brake Forms Strategic Alliance with ITOCHU

TOKYO – Akebono Brake Industry Co., Ltd. (Akebono) announced a decision to form a strategic alliance with ITOCHU Corporation (ITOCHU) in the areas of global business operations and sales of non-automotive products, in line with its Global 30 mid-term management plan for expansion and growth.

In the near-term, both companies will study sales expansion of industrial machinery and rolling stock brake products, and an ITOCHU investment in Akebono's North American regional company.

In the mid- to long-term, both companies will look at forming alliances for global sales, starting with a tie up in the North American aftermarket, and increasing distribution efficiencies.

The strategic alliance is significant, as ITOCHU's know-how will enable Akebono to win new business in industrial machinery, rolling stock and other segments in Japanese and global markets, and allow Akebono to utilize its managerial resources with increased efficiency.

ITOCHU has a long history as a shareholder and partner of Akebono, and owns stakes in Amak Brake L.L.C., one of Akebono's North American subsidiaries, and Akebono's two operations in China. An increase in ITOCHU's stake in Akebono with this strategic alliance is an extension of long-term cooperation between the two companies, and both will pursue further growth.

For more information on the strategic alliance, please see the attached appendix.

About Akebono Brake Industry, Co., Ltd.

Akebono Brake Industry, Co., Ltd. (TSE: 7238), founded in 1929, is a world leader in advanced brake and friction material development and production. Akebono's portfolio includes brake products for automobiles, motorbikes, rolling stock, and industrial machinery, and sensor products for automobiles. The Akebono Group operates R&D centers in Japan, the United States and France, and has wholly owned or affiliated manufacturing facilities in Japan, the United States, France, China, Thailand and Indonesia. Akebono recorded net sales of 142.3 billion yen in the fiscal year ended March 31, 2006, and employs over 6,000 people worldwide on a consolidated basis. For more information, visit www.akebono-brake.co.jp

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Appendix

Details of the strategic alliance are as follows.

1. Cooperation in industrial machinery and rolling stock segments

- A joint venture between the ITOCHU Group and Akebono will be considered to conduct sales activities for Akebono's industrial machinery and rolling stock brake products, with a view to expanding sales of these products in Japanese and global markets.

2. Realignment of the North American business

- ITOCHU Group will consider acquiring a stake in Akebono Corporation (North America), Akebono's North American regional company.
- Akebono and the ITOCHU Group will study the possibility of forming a joint venture to conduct aftermarket brake product sales in the North American market.
- Both companies will study ways to increase distribution efficiencies for Akebono Group companies in North America by utilizing ITOCHU's distribution network.

3. Global export sales

- Both companies will study new business opportunities for exports of Akebono products by utilizing the ITOCHU Group's network.

4. Cooperation in global markets

- Both companies will consider ways of cooperating in Akebono's global operations.

5. ITOCHU stake increase in Akebono

- ITOCHU will raise its current holding of approximately 0.8% (as of the end of September 2006) in Akebono Brake Industry Co., Ltd. shares to approximately 9.5% by the end of December 2006.